

# PREMIUM ASIA FUND (ARSN 134 226 029)

FEBRUARY 2021  
2 PAGES

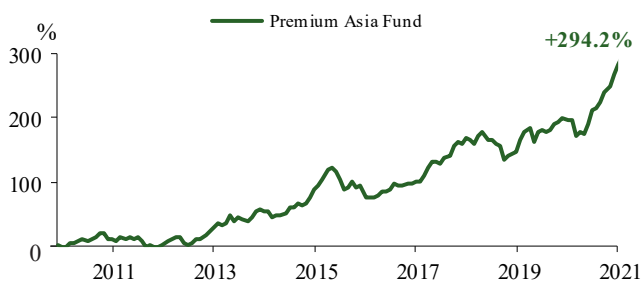
## Investment objective

The Premium Asia Fund aims to generate positive returns, consisting of both capital growth and income, over a three to five year period prior to accounting for movements in currency exchange rates. It will seek to achieve this objective by constructing a portfolio of securities which provides exposure to the Asia ex-Japan region. The Fund is denominated in Australian dollars and typically will not hedge its currency exposure.

## Fund facts

Investment type:	Registered managed investment scheme
Jurisdiction:	Australia
Fund manager:	Premium China Funds Management Pty Ltd
Investment manager:	Value Partners Hong Kong Limited
Responsible entity:	Equity Trustees Limited
Custodian:	Link Fund Solutions Pty Ltd
Auditor:	Ernst & Young
APIR code:	MAQ0635AU
Inception date:	1 December 2009
Fund size:	AUD 42.9 million <sup>2</sup>

## Performance since inception <sup>1,2</sup>



## Performance update <sup>1,2</sup>

	Premium Asia Fund
One month	+2.8%
Three months	+12.6%
Six months	+24.8%
One year	+33.5%
Since inception	+294.2%
Annualised return	+13.0%
Annualised volatility	12.9%

Volatility is a measure of theoretical risk. In general, the lower the number, the less risky the investment.

## Annual return since inception <sup>1,2</sup>

2009 (Since inception)	+1.2%	2016	+2.0%
2010	+9.2%	2017	+31.8%
2011	-9.9%	2018	-6.1%
2012	+22.1%	2019	+23.3%
2013	+29.3%	2020	+23.0%
2014	+12.1%	2021 (YTD)	+6.9%
2015	+9.2%		

<sup>1</sup> Past performance is not indicative of future results.

<sup>2</sup> Source: Link Fund Solutions Pty Ltd, Macquarie Investment Management Limited and Bloomberg, in AUD, NAV to NAV, with dividends reinvested. Performance data is net of all fees. Unless specified, all information contained on this report is quoted as at 26 February 2021. Investment involves risks. Investors should read the Product Disclosure Statement for details and risk factors in particular those associated with investment in emerging markets. Index performance is for reference only.

Unit price: AUD 1.6747 Entry price: AUD 1.6788 Exit price: AUD 1.6705  
Distribution: AUD 0.0696 (for the year ended 30 June 2020)

## Manager's commentary

### Market review

Asian equities were supported by vaccination and economic recovery in February. The swift pick-up in bond yields and inflation expectations later caused a shift in risk sentiment and positioning.

In China, domestic economic recovery continued to gather steam in February. Particularly, consumption recovery during the Lunar New Year was not impacted. The monthly manufacturing Purchasing Managers' Index ("PMI") saw a moderate drop but stayed in the expansionary terrain<sup>1</sup>. The macro indicators have so far validated the sustained recovery.

Taiwan continued to enjoy robust export performance, up 9.7% year-on-year<sup>2</sup>, although February had fewer working days due to the Lunar New Year. Supported by robust export figures, the Taiwan administration upgraded 2021's Taiwan GDP growth to 4.6% year-on-year<sup>3</sup>, compared to an official 3.8% forecast made in November 2020.

Korea's export-dependent economy is supported by the global recovery and the additional fiscal package in the U.S. The country's manufacturing PMI jumped to 55.3<sup>4</sup> in February. Continued expansion in factory activities indicates an increasingly clear demand recovery.

### Portfolio strategy and outlook

The Fund and the MSCI AC Asia ex Japan Index increased 2.8% (in AUD) and 0.3%<sup>5</sup> (in AUD) respectively.

Under high demand for electronic components, our South Korean and Taiwanese hardware manufacturers holdings continued to rally. The global recovery lends upside to demand, benefitting the materials sector. This includes our chemical manufacturer holding in South Korea. As the pandemic impacts lessened and recovery kicked in, we have been building more positions in Korean equities since the beginning of the year. We remain constructive on the global recovery outlook and continue to favor the market as the earnings upcycle continues. Overall growth in North Asia has higher visibility underpinned by the resilient macro backdrop. Thus, we maintain our overweight in the sub-region over ASEAN.

Looking forward, our conviction on Asian equities remains unchanged. We expect fundamentals to stay robust amid the on-going recovery in the region. The change in the inflation environment is being assessed in our bottom-up stock picking process. We remain focused on quality companies that showcase high visibility and sustained earnings growth.

### Source:

- National Bureau of Statistics, People's Republic of China, 1 March 2021
- Ministry of Finance, Republic of China (Taiwan), 9 March 2021
- Directorate-General of Budget Accounting And Statistics, Executive Yuan, Republic of China (Taiwan), 20 February 2021
- IHS Markit, 1 March 2021
- MSCI, 26 February 2021

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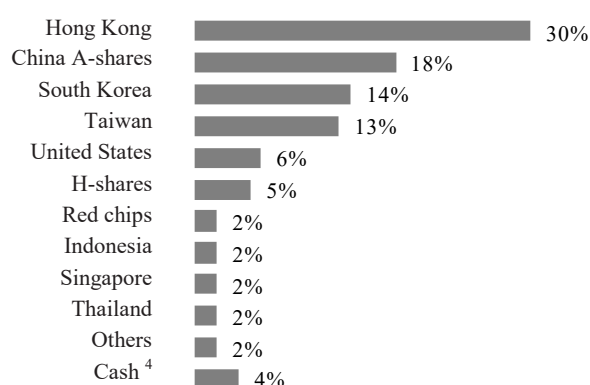
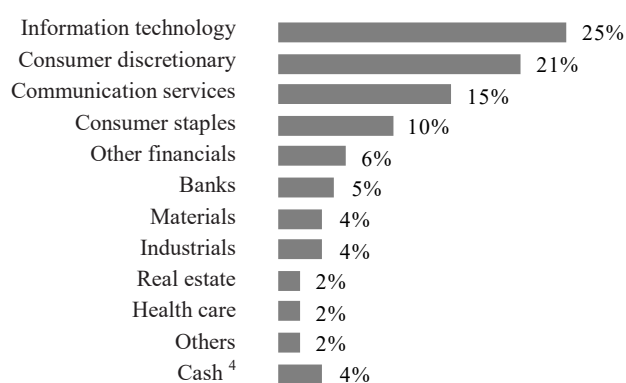
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**Top 10 holdings**

Name	Industry	Listing	%
Tencent	Media & entertainment	Hong Kong	7.8%
Samsung Electronics	Technology hardware & equipment	South Korea	6.8%
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	Taiwan	6.2%
China Tourism Group Duty Free Corp	Retailing	China A-shares	4.6%
Kweichow Moutai	Food, beverage & tobacco	China A-shares	3.7%
China Merchants Bank	Banks	H-shares	2.8%
Wuliangye Yibin	Food, beverage & tobacco	China A-shares	2.4%
Korea Investment Holdings	Diversified financials	South Korea	2.2%
Haidilao International Holding	Consumer services	Hong Kong	2.1%
Pinduoduo	Retailing	United States	2.1%

These holdings made up 41% of the Fund.

No. of holdings : 83

**Geographical exposure by listing<sup>3</sup>****Sector exposure<sup>3</sup>****Fee structure**

Management fee	1.33% p.a. of Net Asset Value
Performance fee	No performance fee
Transaction costs	Buy: +0.25% of unit price for applications Sell: -0.25% of unit price for redemptions
Minimum subscription	Dependent on IDPS provider / AUD 25,000 direct
Dealing frequency	Daily

**Senior investment staff****Co-Chairmen & Co-Chief Investment Officers:**

Cheah Cheng Hye; Louis So

**Senior Investment Directors:**

Norman Ho, CFA; Renee Hung

**Investment Directors:**

Chung Man Wing; Yu Chen Jun; Michelle Yu, CFA; Yu Xiao Bo

**Senior Fund Managers:**

Lillian Cao; Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho;

Glenda Hsia; Amy Lee, CFA, CAIA; Luo Jing, CFA; Frank Tsui

<sup>3</sup> Exposure refers to net exposure (long exposure minus short exposure). Derivatives e.g. index futures are calculated based on P/L instead of notional exposure.

<sup>4</sup> Cash includes receivables and payables (except cash for collaterals and margins).

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